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UNCLAS AMMAN 006178

SIPDIS

SENSITIVE

USTR FOR SAUMS  
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TREASURY FOR ABIGAIL DEMOPULOS

E.O. 12958: N/A

TAGS: [ETRD](#) [EFIN](#) [ETTC](#) [IZ](#) [JO](#)

SUBJECT: JORDAN'S EXPORTS TO IRAQ EXCEED TRADITIONAL  
PRE-WAR LEVELS, BUT NOT AT PREFERENTIAL ACCESS LEVELS OF  
2001-2002

REF: AMMAN 00106

SENSITIVE BUT UNCLASSIFIED. PROTECT ACCORDINGLY.

**¶1.** (U) A Ministry of Industry and Trade (MOIT) source provided embassy with the latest summary of Jordanian export statistics to Iraq showing a strong rebound in the wide-ranging trade to levels in excess of those in the 1995-2000 period. Amer al-Hadidi, MOIT Director of Industrial Development reported that the export of Jordanian products to Iraq reached 93 million Jordanian Dinars (JD) (USD 131 million) during the five-month period between April 20 and September 23. The MOIT focused on the period after major hostilities had ceased. By comparison, in the first two months of 2003, Jordanian exports to Iraq were at 36.6 million JD (USD 51.7 million). Al-Hadidi stated that goods must have at least 40 percent value added in Jordan to qualify as national exports. UN-sponsored Oil for Food Program (OFF) items are considered "re-exports"--as are items being shipped in the heavy transit trade now going through Aqaba to Iraq--and are not included in these statistics.

**¶2.** (SBU) At an average of USD 26.2 million per month, these new export figures exceed the comparable figure in 1995-2000 of about USD 14 million a month. In 2001, Jordan's exports to Iraq took off (reftel), when the value of goods exported to Iraq topped out at USD 422 million for the year. Al-Hadidi reported that, in 2002, Jordan exported 311.9 million JD (USD 440 million) in goods to Iraq, or an average of USD 36.6 million a month.

**¶3.** (SBU) COMMENT: Jordan's preferential access to Iraq in 2001-2002 was part of the former Iraqi regime's efforts to cultivate economic dependence among Jordanian industries in what appeared to be an effort to gain influence and reap political benefits. That trade connection has disappeared and, although we do not yet have product breakouts, the traditional Jordanian exports to Iraq under the former oil for goods protocol are not participating in post-war export flows. Al-Hadidi said most of the recent gains were from consumer products, particularly alcohol and tobacco. These new trade figures demonstrate the advantage Jordan has from its proximity to and experience in the Iraq market.

**¶4.** (U) Baghdad minimize considered.

GNEHM